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FACT SHEET

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USAID Firms Project Agricultural Implements Manufacturing Sector Assistance Program

Geographic Focus	Punjab
Implementing Partner	Chemonics International Inc.
Start Date	July, 2012

Introduction:

Good quality and affordable agricultural implements play a major role in the agriculture sector by improving per acre yield, reducing input costs and losses at cultivation, harvesting and post-harvesting stages. Besides the huge local market of USD 200 million annually, Pakistan exports agricultural implements worth USD seven million to more than 25 countries, especially Afghanistan and Sub-Saharan African countries, to cater to the needs of low-end market that is greater than USD 500 million.

At present, more than 500 agricultural implements manufacturing units are operational in Pakistan. The industry is most active in the Faisalabad, Okara, Khanewal and Sialkot districts, producing a wide range of tractor driven implements.



Agricultural implements being produced in Pakistan

Sector Constraints:

- Capacity issues of manufacturers (lack of technical, engineering and management expertise), resulting in high inefficiencies.
- Manufacturers are not sensitized towards future business threats and seem satisfied maintaining their current market share.
- Business development services providers are either unavailable or unaffordable by SMEs.
- Poor quality and inconsistency of parts and materials available to manufacturer.
- Inconsistent quality and nonexistent quality control systems (at all stages).
- High rework and material wastage rate due to labor capacity issues and lack of awareness on process optimization.
- Inefficient energy consumption due to obsolete technology.

Interventions:

Improved labor productivity, workshop layouts, process optimization, standardization and reduction in wastage/rework will make it possible for the sector to become cost competitive and in turn lead to a decrease in prices of implements, while improving quality. The USAID Firms Project has selected 10 agricultural implements manufacturers from two districts, Sialkot and Faisalabad for year four, and eight manufacturers from districts Gujranwala, Multan, Khanewal and Sheikhpura for year 5 (in total 18). In addition, the project is working with five metal casting units of Faisalabad, Daska and Gujranwala that serve as vendors of cast parts for the manufacturing units. The key areas of intervention are:

a. Technical assistance and capacity building:

- Capacity building in lean manufacturing, energy efficiency, labor and process productivity, material selection, quality control, process / product optimization and workshop layout.
- Workforce skills development in fabrication, heat treatment, welding, metal casting and machining.
- Provision of technical assistance to shift the manufacturers on assembly line approach and helping them develop a vendor base for parts.
- Benchmarking visit to local industry and other manufacturing countries including Turkey.



Technology upgrade of welding plants has reduced the consumption of electric energy by five folds (30 ampere current decrease to five ampere only)

b. Technology upgrade:

- Welding equipment upgrades to reduce electricity cost and improve product quality.
- Quality control and testing equipment for inspection of raw material hardness, and cast part quality, etc.
- Small gadgets and various types of gauges to control and inspect quality.
- Software for inventory and production management.

c. Standards and certification:

- ISO 9000 standards and certification
- 5S audit. '5S' is an international workplace organization method used to increase efficiency and effectiveness of manufacturing process.

d. Marketing and linkages with buyers:

- Registration at Business to Business (B2B) trade portals to facilitate exports.
- Awareness campaigns to promote the use of good quality implements among progressive farmers in Pakistan.
- Market linkages with international buyers and local exporters.
- Development of marketing collateral, including websites for beneficiaries.
- Participation in sector-specific international trade promotion exhibitions such as the recent AgraMe, 2014 in Dubai.

Results and Expected Impact:

The project assisted SMEs are expected to achieve following results by December 2014:

- Increase in sales revenue by USD 3 million.
- Increase in export revenue by USD 100,000.
- Reduction of electricity costs by 73 percent - an equivalent of USD 318,309 in monetary terms
- Contribution of USD 100,000 as cost share to these interventions
- Creation of 70 full-time equivalent jobs.
- Training of 600 participants through capacity building events.
- Acquisition of International quality certification for 18 manufacturing units.